



# Community Action Agency

PROMOTING SELF-SUFFICIENCY

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## Testimony for Housing and Community Development Fund

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CEO, Community Action Agency

We do many things, but an important part of our work is Housing and Community Development. Over the years, we've done a smattering of projects – weatherizing & rehabilitating homes, buying, rehabbing and selling an occasional house. In the late 1990's I heard a presentation by David Belke, founder of Neighborhood, Inc. in Battle Creek. He said that housing should create wealth. He explained how his parents had purchased a track house after WWII and then refinanced it to send his dad to Mayo Clinic a number of years later when he got cancer, then again to send both kids to college. He said that one house put his family into the middle class. He also said that the only way to make a house become that kind of asset was to ensure appreciation & the best way to do that was to be in a stabilized neighborhood. Our Board liked the concept, and in 2002 we began work in a 23 block area in the City of Jackson with the block by block concept to ensure an economic impact for all of it's residents and for the City.

It was the poorest neighborhood in the city with the worst homeownership rate and a high crime rate. But we thought it had potential because it was immediately adjacent to downtown; had five churches invested in the neighborhood, a working neighborhood association and was anchored by Consumers Energy. Foote Hospital and the local Economic Development Organization had an interest in it and a marketing study showed us that there was a strong market for mixed income housing, both home ownership and rental, and anticipated hundreds of retirements from Consumers Energy in the next five years making workforce housing a viable option.

Some of our goals were to increase homeownership, stabilize the neighborhood by demolishing unsafe, unsightly buildings, diversifying income of the residents and increasing property values.

Starting with a MSHDA's Neighborhood Preservation grant of \$500,000 and in full Partnership with the City of Jackson, we began the process of development. To date, that neighborhood has had an investment of over \$12 million with less than \$1 million of State funds.



Community Action Agency is an equal opportunity provider.

Things are going well, new homes have been built with Low Income Tax Credit funds; we've increased home ownership, improved code enforcement with the city; improved infrastructure, demolished many unsightly dangerous homes and have begun to see more private investment.

However, we're no where near finished and need the flexible funding of a Housing and Community Development fund to give us the tools to succeed. The fund will both provide us with:

- More funding – almost all of the funds we've been able to access for this project have been federal and those funds are rapidly diminishing. If we can't achieve critical mass in this neighborhood we will have failed. If you need 60 new homes, 15 won't solve the problem.
- More flexible money – the only funds we've been able to readily access have been funds for low income or affordable housing. There are very few, if any mixed income funding streams which is what we need to really stabilize this neighborhood and increase values. There are many examples of problems with funds that aren't flexible. Even with low income as the focus, funds are very compartmentalized. For example, a large historic home located in the neighborhood and owned and lived in by a senior couple couldn't be rehabilitated because it didn't fit in the box for any of our funding streams: didn't add or decrease units; size made it too expensive, etc. Development fund dollars can help us fill in the gaps and finish our projects. Predevelopment is also important flexible funds. We get stuck sometimes because we don't have enough money to buy up vacant or for sale property, or to have an environmental or marketing study done. The Housing & Comm Development fund can play that role.

We know that neighborhood development is economic development. We think we can provide housing for the downtown workforce and support the efforts of Consumers Energy in attracting new workers; we know we create jobs and we know we improve the quality of life for citizens. This investment will make a huge difference. So, we ask your support.